

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

AMEMBASSY ISLAMABAD

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FOLLOWING REPEAT GENEVA 6335 ACTION SECSTATE 27 JUL 77

QUOTE

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT COUNCIL -- JULY 26

REF: STATE 168714

GATT COUNCIL MET JULY 26 AND TOOK FOLLOWING ACTIONS:

1. INDIAN WAIVER FOR AUXILIARY DUTY -- COUNCIL AGREED TO 9-MONTH EXTENSION. EC STATED THAT SYSTEM OF AUXILIARY DUTIES SHOULD BE DISMANTLED PROGRESSIVELY AND THAT RENEWAL OF WAIVERS OF THIS TYPE SHOULD NOT BECOME AUTOMATIC. INDIANS, IN RESPONSE TO US QUESTIONS REFTEL, INDICATED THEY WOULD KNOW IF THEY WOULD NEED AN EXTENSION OF WAIVER ONLY WHEN THE NEW BUDGET IS PREPARED NEXT YEAR. INDIAN DEL ADMITTED THAT GOI BOP
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HAD IMPROVED ENABLING SELECTIVE LIBERALIZATION DIRECTLY GEARED TO STIMULATING SPECIFIC INDUSTRIES. LACK OF GENERAL LIBERALIZATION DICTATED BY GROWING BUDGETARY NEEDS OF DEVELOPMENT PROGRAMS. ACTION REQUESTED: AUTHORITY TO VOTE FOR INDIAN WAIVER.

2. BALANCE OF PAYMENTS RESTRICTIONS -- A. AS PREDICTED,

PAKISTAN QUESTIONED NEED FOR FULL CONSULTATIONS, DID NOT THINK IT RIGHT THAT PAKISTAN BE SINGLED OUT FOR "INQUISITORIAL" PROCEEDINGS OF BOP COMMITTEE, AND ARGUED THAT MINI PROCEDURES SHOULD BE THE RULE FOR DEVELOPING COUNTRIES. BRAZIL, ARGENTINA, INDIA, NIGERIA, EGYPT, YUGOSLAVIA, TURKEY AND ROMANIA SUPPORTED PAKISTAN'S CONTENTION THAT ONE MEMBER OF BOP COMMITTEE SHOULD NOT BE ABLE TO CALL FOR A FULL CONSULTATION. BRAZIL AND OTHERS NOTED THAT THEY ARE SEEKING CHANGES TO BOP PROCEDURES IN THE CG-18 AND THE MTN FRAMEWORK GROUP. SEVERAL LDC DELEGATES URGED THAT COUNCIL ACCEPT PAKISTAN'S OFFER TO SUBMIT ADDITIONAL INFORMATION ON A BILATERAL BASIS SO AS TO AVOID DISCUSSION IN THE BOP COMMITTEE.

B. WE MADE CONCILIATORY STATEMENT, POINTING OUT THAT WE RECOGNIZED PAKISTAN'S CONTINUING BOP DIFFICULTIES, THAT REQUEST FOR CONSULTATIONS SHOULD NOT BE CONSIDERED "CONFRONTATIONAL," AND THAT REGULAR CONSULTATIONS WERE NEEDED SINCE, AS PAKISTAN HAD ADMITTED, SIGNIFICANT CHANGES IN ITS IMPORT REGIME HAD TAKEN PLACE SINCE THE LAST CONSULTATION IN 1969.

C. EC, CANADA, AUSTRALIA, NORWAY AND JAPAN AGREED WITH US IN SUPPORTING BOP CHAIRMAN'S INTERPRETATION THAT MINI PROCEDURES ARE EXCEPTIONS TO THE GENERAL RULE. THE EC ADDED THT MINI PROCEDURES SHOULD BE USED MOST OFTEN ONLY BY THE POOREST OF THE LDC'S. SEVERAL DELS LIMITED OFFICIAL USE

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NOTED THAT BOP HEARINGS ARE DESIGNED TO ASSIST THE LDC'S AND ARE NOT "INQUISITORIAL." AFTER MAKING ABOVE POINTS, LDC'S ACQUIESCED IN COUNCIL ADOPTION OF BOP REPORTS REQUIRING REGULAR CONSULTATIONS FOR PAKISTAN.

3. AGREEMENT BETWEEN THEEC AND PORTUGAL -- COUNCIL ADOPTED REPORT WITHOUT COMMENT.

4. AGREEMENTS BETWEEN THE EC AND EGYPT, SYRIA, JORDAN AND LEBANON -- COUNCIL SET UP FOUR WORKING PARTIES WITH STANDARD TERMS OF REFERENCE. ACTION REQUESTED: WRITTEN QUESTIONS ON THESE AGREEMENTS ARE DUE OCTOBER 15.

5. JAPAN -- THROWN SILK -- PANEL TO BE ESTABLISHED IF BILATERAL TALKS DO NOT RESOLVE ISSUE BY AUGUST 20 (SEE SEPTTEL).

6. DISC AND OTHER TAX PRACTICES -- AFTER DISCUSSION, ITEM CARRIED OVER TO NEXT COUNCIL (SEE SEPTTEL).

7. LEGAL REQUIREMENTS AT NEW HEADQUARTERS -- APPROVED WITHOUT DISCUSSION.

8. ADMINISTRATIVE AND FINANCIAL QUESTIONS -- APPROVED.

SECRETARIAT TOLD US THAT SURPLUS IN 1976 EXPENDITURE ACCOUNT WILL BE INCLUDED AS INCOME IN 1978 BUDGET TO BE CONSIDERED BY BUDGET COMMITTEE IN THE FALL.

9. PENSION PROBLEMS IN GENEVA -- D-G LONG DESCRIBED PENSION PROBLEMS CAUSED BY EXCHANGE APPRECIATION OF SWISS FRANC, STATUS OF UN DELIBERATIONS ON PROBLEM AND GATT ATTEMPTS TO OBTAIN MEMBERSHIP ON UN JOINT PENSION BOARD.

10. DATES OF THIRTY-THIRD SESSION -- CP'S HAD ALREADY AGREED AT 32ND SESSION THAT MEETING WOULD BE HELD WEEK OF NOV 28. THIS HAD BEEN DONE SO IT WOULD NOT FALL IN US THANKSGIVING WEEK. AT OUR REQUEST AT JULY 26 COUNCIL, MEETING WILL START TUESDAY NOV 29 INSTEAD OF NOV 28 AS NOTED IN C/101.
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11. OTHER BUSINESS -- COUNCIL APPROVED FINNISH REQUEST FOR RENEGOTIATIONS UNDER ART XXVIII:4. ACTION REQUESTED: INSTRUCTIONS TO NOTIFY FINNS OF US DESIRE TO ENTER INTO NEGOTIATIONS.
VANDEN HEUVEL.
UNQUOTE VANCE.

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